

CITY OF HORSESHOE BAY
CITY COUNCIL WORKSHOP MEETING
MINUTES

January 12, 2016

The City Council of the City of Horseshoe Bay held a Public Meeting at City Hall, January 12, 2016 beginning at 9:00 a.m. in accordance with duly posted notice of said meeting with the following members present:

Stephen T. Jordan, Mayor
Craig Haydon, Mayor Pro Tem
Cynthia Clinesmith, Council Member
Jerry Gray, Council Member
Reagan Lambert, Council Member
David Pope, Council Member

The posted agenda for this meeting is made a part of these minutes by attachment and the minutes are herewith recorded in the order the agenda items were considered with the agenda subject and item number shown preceding the applicable paragraph.

1. Call the Meeting to Order and Establish a Quorum: Mayor Jordan called the meeting to order at 9:00 a.m. with a quorum present. He asked that anyone wishing to speak sign the form on the podium. Mayor Jordan said members of the Planning and Zoning Commission and the Long Range Planning Advisory Committee had been invited to attend to hear comments and several members were present. Mayor Jordan gave the invocation.
2. Conduct Public Hearing Pursuant to Local Government Code Section 43.063 Giving the Public the Opportunity to be Heard Regarding the Intent to Annex Five Areas Located in the City's Extraterritorial Jurisdiction into the City Limits: Mayor Jordan convened the public hearing at 9:05 a.m. stating the public was now invited to address the Council concerning the proposed annexation. He explained that those who had signed up would have three minutes to speak when their name was called and that there would be an opportunity to speak without signing up but to please sign up so the Council would have the benefit of their name. Mayor Jordan wanted all to understand that Council Members are not allowed to respond to statements or questions, but can hear their comments and take them into consideration during the deliberation. He said, additionally once the public hearing was concluded the Council Members would discuss among themselves the issues and thoughts they had on the proposed annexation, there would not be any questions or comments taken from the public at that time. Mayor Jordan said he appreciated the willingness of everyone to be at the meeting and to present their comments.
Donald Orr, Mayor of Cottonwood Shores spoke requesting that a portion of Area A, be left out of the annexation at this point in time. He described this area as the south side of what was the old Krumm Ranch on the City's eastern boundary, bordering on two sides with the City of Cottonwood Shores city limits. Mayor Orr explained approximately 324 acres are in their ETJ and 90 acres are in the HSB ETJ and was being considered by HSB for annexation.

Andy Felkner, resident of The Overlook, Carol Sue Purcell, owner of ranch property south of Hwy. 71; Maggie Booth owner of Red-Tail Ranch south of Hwy 71; Betsy Bouchard, owner of B-Squared Ranch south of Hwy 71; Casey Burns, resident of The Overlook; Brad Jones, owner of property on CR 311; Stacy Holland, owner of 77 acres off Hwy 71; and Kelly Sutton, owner of about 500 acres on Hwy 71, all expressed concern regarding their property being annexed into the City limits.

Mayor Jordan asked if there were any other speakers. There were none and he adjourned the public hearing at 9:30 a.m.

3. Discuss Annexation Process Regarding the Intent to Annex Five Areas Located in the City's Extraterritorial Jurisdiction into the City Limits: Mayor Jordan said the City Council, City Attorney and City Manager were prepared to make comments and he thought many of the concerns expressed would be addressed; however, the public was not allowed to speak during this item. He added there would be a second public hearing Tuesday, January 19, 2016 at 3:00 p.m. where additional comments would be allowed. City Manager Stan Farmer reported the new development agreements for the areas south of Hwy 71 and north of 71 between the airport and the hospital were mailed Friday from the City Attorney's office and should address some concerns. These agreements had a deadline of January 29 as explained in the cover letter. City Attorney Rex Baker reported his firm had been asked to draft documents for this annexation. He said the form he initially used was a Texas Municipal League form that was modified and used for the last City annexation where there was only a little bit of agriculture property. Mr. Baker responded to comments and concerns of the property owners stating the City threw a big net around a lot of property because they had to identify possible areas of annexation for notice purposes. He said they realized they could only annex 30% of the City's current size and the total area would be carved down prior to the ultimate decision on which properties to be annexed was made. City Manager Stan Farmer added that if the owners signed the development agreements then their property would not be part of the annexation and therefore would not count toward the total annexed acreage. Mr. Baker reported a statutory requirement that any city wanting to annex property has to offer everyone with an agriculture, wildlife or timberland exemption the opportunity to have a development agreement which would prevent annexation. So if a property owner signs the development agreement that property would not be annexed; however, if the owner does not sign the development agreement and that property is within the area the City elects to annex then your property would be annexed. Mr. Baker said that whatever purpose the property was being used for prior to annexation would not be changed due to annexation, but when the owner changes the use of the property by selling a portion to possibly be used for a cement plant or junk yard the City would have the ability to stop it being used for that purpose. Addressing the conservation agreements some of the property owners have executed, Mr. Baker said that conservation agreements do protect the property; however, they are not in perpetuity and the conservation company had the right to change those, although he stated he had not seen their exact agreement. He added in conservation easements there were usually areas carved out for future homes/development; however, he did not know what was in these particular agreements. Mr. Baker said the decision to annex The Overlook would be up to the Council adding he had reviewed their restrictive covenants and they were very restrictive and they do pretty much what the City wanted done; however, there are circumstances where these could be changed or lapse. Mr. Baker reported the original development agreements went out with a one-year term with the property being automatically annexed after that one year; however, after the negative

response he said the Council had sent out a new agreement with a three-year term that would automatically renew for additional three-year periods up to a total of 45-years which is the maximum allowed by the current State statute. Mr. Baker said both the City and the owner mutually would have the right to terminate with six months' notice.

Mayor Jordan said the City's concern was protecting the borders and controlling what happens within Horseshoe Bay for the ones living here now and in the future. He said the control the City has in the Extraterritorial Jurisdiction was not sufficient for the City to stop many types of uses of the land from occurring. Mayor Jordan said the City does not want development that would not be conducive to the lifestyle here that they want to protect. He reported the City had listened to comments and adjusted and amended in the new agreement that had been sent out to owners with ranch property on both sides of Hwy 71. Mayor Jordan reported that initially the City was contacted by residents of The Hills regarding voluntary annexation and City Council and staff met with them and presented what the City had to offer and they presented what they wanted in order to be included in Horseshoe Bay and the Council would have an opportunity to vote on that. He said there are a couple of properties within The Hills with agriculture exemptions; however, they are not being offered the three-year development agreement with automatic renewal on those properties but instead a one-year agreement because the City did not want a section of that community, if annexed to have properties outside the City right in the middle of it. Mayor Jordan said two years ago the City annexed several "donut hole" areas in the City and the ones that were ag exempt were still ag exempt today; but if they choose to develop the land then they would become a part of the City and the City would control the development. Council Member Clinesmith asked City Attorney Baker to further explain the revised 2,000 feet area along the property south of Hwy 71. He reported that even though the City's ETJ goes further south of Hwy 71, the only area the City was concerned with was the first 2,000 feet fronting on Hwy 71 and so in the new development agreements for those properties anything beyond that then the City had no concern and would not be part of the development agreement and would not be annexed. Council Member Gray asked the acreage percentage of The Hills. City Manager Farmer guessed it would be less than 700 acres or less than 1% of the City's total area. Mayor Jordan reported the second public hearing on the annexation will be held Tuesday, January 19 at 3:00 p.m. and there would be another opportunity to speak at that time. He said following the public hearing the Council would have the opportunity to consider the comments with the overall decision regarding the annexation issue would not be made before the following month. City Attorney Baker encouraged recipients of the new development agreement to contact him if they had questions. He encouraged them to sign the development agreement as it would evaporate the City annexing their property and they could continue to use their property as it is currently being used. Following discussion it was determined that the 2,000 feet option was only offered to the properties on the south side of Hwy 71. City Manager Farmer reported for the benefit of the Council that there would be another public hearing Tuesday, January 19 at 3:00 p.m. and that the agenda was worded where the Council would be able to take action to exclude any property such as The Overlook. Then after the January 29 deadline to sign the development agreements staff would put together a map for the Council showing the status of each property and what properties were eligible for annexation. After guidance from the Council a final map would be drawn of the properties to be annexed and the annexation ordinance to include the service plans as an appendix. He said the Council had already received the service plans including costs of service for review. City Manager Farmer clarified that only Area 4 which is south of Hwy 71 (2,000 feet) and Area 1 between the hospital and the airport would receive the new three-year

renewable option in their development agreements, with Quail Ridge still under the original offer for the one-year development agreement followed by automatic annexation unless the Council made changes.

The Council adjourned for a recess at 10:00 a.m.

The regular meeting resumed at 10:06 a.m.

4. Discuss Proposed Fire Department Engine Replacement Plan: City Manager Stan Farmer reported that Fire Chief Joe Morris had done analysis regarding the City's fire engines and determined that due to the lead time necessary to order replacements it was timely to bring it to the Council now. Chief Morris said he had been busy assessing the needs of the Fire Department and had identified replacement of engines as high on the list. He reported he had determined it is not necessary for the City to purchase a ladder truck due to the agreement with the City of Marble Falls Fire Rescue where they send 4 firefighters on the ladder truck any time he requests them to do so. The City of Horseshoe Bay reciprocates with an engine and firefighters as well. Chief Morris said because of that agreement he would not recommend the City purchase an aerial truck at this time. He reported he had examined the seven vehicles in their fleet and the only issue is with the three engines. Chief Morris said the repair costs for the three engines had been significantly high totaling over \$114,000 for the last five years. He identified them as Engine 11 stationed at Central, Engine 12 the frontline engine at Station 2 and Engine 13 the reserve engine used when either of the other two was out of commission. Chief Morris said all of the engines are at or near the end of service life and due to age, parts are difficult or impossible to obtain. He reported that Engine 12, in addition to being 12 years old, was grossly underpowered because the chassis was intended for a cement truck and not a fire engine. Chief Morris said it was a very low-cost economical way to put a fire truck in service but it did not meet the needs of fire service and lacked the safety features that custom cab fire engines have. He reported Engine 13 could be the strongest engine in the fleet but was 28 years old and needs to be retired. Chief Morris said it has none of the required safety features that are needed in today's apparatus. Chief Morris reported his first preference would be to purchase two engines, one for each station and put them into service as soon as possible at a cost of about \$850,000. His second option was to purchase them and have the first come out of the 2017 budget and the second in the 2018 budget in order to reduce the financial impact to the City. Chief Morris said financing was available with fixed rates of 3.25% with the benefit of receiving the money up front and there would be no lien on the equipment. The City would make 10 equal payments over 10 years and still receive the cash discount. Chief Morris said he would like to have two engines outfitted with the exact same equipment so that the firefighters in an emergency situation would know exactly where everything was placed. He said he would have specific specs and prices for the Council at the April workshop. Council Member Gray asked that this report include warranties and the availability of extended warranties. Council Member Clinesmith asked about the safety factor using these vehicles in emergency situations and Chief Morris reported he was moving crews from one to another whenever there were serious mechanical issues. Council Member Gray questioned the possibility of replacing all three engines and Chief Morris said he would look into the possibility of using money from the sale of the current engines to upgrade the backup engine.
5. Discuss Fire Department Personnel Compensation Pay: City Manager Stan Farmer reported the system the City currently uses regarding accrued overtime by firefighters was set up by the Lake LBJ Municipal Utility District. The law allows entities to pay time and one half or equal

compensation time for accrued overtime. The Lake LBJ MUD chose to pay compensation time which then accrues and leaves the City with a large liability on the books which currently totals \$102,000. Mr. Farmer said there were two concerns with the first being how to stop the accrual and second how to get rid of what is already accrued and the liability it presents. Chief Morris reported the City is required to work under the Fair Labor Standards Act (FLSA) which says in a 28 day pay period any hours worked over 212 hours by a firefighter has to be paid at one and one-half times their rate or compensate them one and one-half times in accrued time. He said when they reach a bank of 480 hours of comp time then no more time can be accrued and the City is required to pay them at one and one half times their hourly rate in excess of 212 hours worked. Chief Morris said it had created a scheduling nightmare since there is a minimum staff level of five firefighters each day, three on Engine 11 and two on Engine 12 and the City only employs five full-time firefighters per shift. When anyone takes off then he goes to the part-time firefighter pool, but with the comp time it ties his hands because per FLSA rules if a firefighter asks to be off and use comp time it cannot be denied because it is hours they have already worked. Chief Morris requested that the Council consider stopping the accrual and changing to payment of the comp time at the premium rate. He said the second issue was what to do with the amount which has already been accrued which he hopes the Council would consider at the April workshop.

6. Discuss Cash Flow for Utility Fund and Street Fund Capital Projects: Finance Director Larry Anderson gave a presentation to the Council regarding the available funds and the projected need for both the Utility Fund and the Street Fund Capital Projects for fiscal years 2016 through 2020.
7. Discuss the Need for Improved HSB POA Phone Directory Inclusive of all Residents (with consent): Mayor Jordan spoke regarding his desire that HSB POA expand their phone directory to include all residents in the City. He said he had discussed this with the various POA Presidents and asked Council's opinion regarding the City assisting financially with the development of this expanded directory. After discussion it was determined that it was a good idea for Mayor Jordan to continue to his discussions other POAs to determine if there was a better way to get more cooperation; however, the consensus of the Council was that producing a phone directory was not something the City should be involved in doing.
8. Adjournment: Mayor Pro Tem Haydon made a motion to adjourn at 12:08 p.m. The motion was seconded by Council Member Pope. The motion passed unanimously (5-0).

APPROVED this 16th, February 2016.

CITY OF HORSESHOE BAY, TEXAS


Stephen T. Jordan, Mayor

ATTEST:


Teresa L. Moore, City Secretary

